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December 23, 2003

By Messenger

The Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, DC 20423-0001

RE: STB Finance Docket No. 34421, *HolRail LLC - Petition for Exemption from 49 U.S.C.
§ 10901 to Construct and Operate a Rail Line in Orangeburg and Dorchester Counties,
South Carolina*

Dear Secretary Williams:

Pursuant to 49 C.F.R. § 1117, HolRail LLC ("HolRail") requests that the Board waive 49 C.F.R. § 1104.13(c) to permit HolRail to submit this brief reply to the "Response of CSX Transportation, Inc." to HolRail's Petition for Exemption, which CSX filed on December 3, 2003. This reply is necessary in order to ensure an accurate and complete record because CSX has misrepresented certain facts that are directly relevant to the standards for granting an exemption at 49 U.S.C. § 10502(a).

Specifically, at page 7 of its Response, CSX misstates two sets of facts in order to devise a challenge to HolRail's evidence that regulation is not necessary to protect shippers from abuse of market power. First, CSX wrongly contends that, in addition to serving its parent company, Holcim (US) Inc., HolRail proposes to serve two other cement manufacturers. Nowhere in its Petition, however, does HolRail propose to serve any other cement manufacturer. Only one cement manufacturer, Giant Cement, possibly could connect to HolRail. Second, CSX contends that traffic volume on the existing CSX line cannot support two railroads. From this supposition, CSX erroneously declares that, if HolRail forces CSX to cease service, Giant Cement would become captive to HolRail, and thus dependent upon its competitor, Holcim, for rail service. According to CSX, this combination of facts would subject Giant to an abuse of market power. This statement, however, completely disregards the fact that Norfolk Southern currently serves Giant and would continue to do so after construction of the HolRail line.

Sincerely,

Jeffrey O. Moreno

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